

PLYMOUTH HOUSING COMMISSION  
PLYMOUTH, MICHIGAN  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
AND  
REPORTS ON COMPLIANCE AND  
ON INTERNAL CONTROL

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <b>Plymouth Housing Commission</b>	County
Audit Date <b>9/30/05</b>	Opinion Date <b>4/12/06</b>	Date Accountant Report Submitted to State:	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

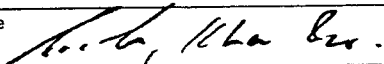
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).	✓		
Single Audit Reports (ASLGU).	✓		

Certified Public Accountant (Firm Name) <b>Sailor, Khan &amp; Co.</b>			
Street Address <b>P.O. Box 16180</b>	City <b>St. Louis</b>	State <b>MO</b>	ZIP <b>63105</b>
Accountant Signature 		Date <b>4/12/06</b>	

PLYMOUTH HOUSING COMMISSION  
Plymouth, Michigan

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Sailor

Khan & Co.

Certified Public Accountants

### INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Plymouth Housing Commission  
Plymouth, Michigan

We have audited the accompanying basic financial statements of the Plymouth Housing Commission, Michigan, (Commission) as of and for the year ended September 30, 2005, as listed in the table of contents. These basic financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

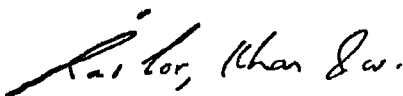
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Plymouth Housing Commission, Michigan, as of September 30, 2005, and the changes in its financial position and its cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2006, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages ii to vi is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the remaining accompanying supplemental information including the Financial Data Schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Sailor, Khan & Co.  
April 12, 2006

## **Plymouth Housing Commission**

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### **Management's Discussion and Analysis (MD&A) September 30, 2005 (Unaudited)**

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This section of the Plymouth Housing Commission (Commission) annual financial report presents our management's discussion and analysis of the Commission's financial performance during the fiscal year ended on September 30, 2005. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

For accounting purposes, the Housing Commission is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The focus of enterprise funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

#### **FINANCIAL HIGHLIGHTS**

The term "net assets" refers to the difference between assets and liabilities. The Commission's total net assets as of September 30, 2005 were \$3,714,415. The net assets decreased by \$194,131, a decrease of 5.0% over the prior year.

Revenues and contributions for the Commission were \$11,512,451 for the year ended September 30, 2005. This was an increase of \$21,697 or 0.2% from the prior year.

Expenses for the Commission were \$11,543,174 for the year ended September 30, 2005. This was an increase of \$249,957 or 2.2% from the prior year.

HUD operating grants was \$10,766,978 for the year ended September 30, 2005. This was an increase of \$104,535 over the prior year. Capital contributions for the Commission were \$52,345 for the year ended September 30, 2005. This was a decrease of \$53,534 over the prior year.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report includes this *Management Discussion and Analysis* report, the *Basic Financial Statements* and the *Notes to the Financial Statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. The Commission's financial statements are presented as fund level financial statements because the Commission only has proprietary funds.

##### **Required Financial Statements**

The financial statements of the Housing Commission report information of the Commission using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Assets includes all the Commission's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations of the Commission creditors (liabilities). It also provides the basis for evaluating the capital structure of the Commission and assessing the liquidity and financial flexibility of the Commission.

## Management's Discussion and Analysis (MD&A) - Continued

### OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the success of the Commission's operations over the past year and can be used to determine whether the Commission has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

#### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and provide more detailed data.

#### Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. HUD has established *Uniform Financial Reporting Standards* that require Housing Commission's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended September 30, 2005 and is required to be included in the audit reporting package

### FINANCIAL ANALYSIS

Net assets may serve, over time, as a useful indicator of a government's financial position. As stated in the table on the following page, assets exceeded liabilities by \$3,714,415 at the close of the year ended September 30, 2005 down from \$3,908,546 in 2004. The decrease in net assets of \$194,131 was primarily due to a decrease in unrestricted net assets.

The unrestricted net assets were \$1,838,046 as of September 30, 2005 compared to \$2,267,846 in 2004, a decrease by 19.0%. This amount may be used to meet the Commission's ongoing obligations. The Commission had no net assets classified as restricted that are subject to external restrictions on how they may be used. At the end of the current fiscal year, the Commission is able to report positive balances in all categories of net assets. The same situation held true for the prior fiscal year.

**Management's Discussion and Analysis (MD&A) - Continued**

**FINANCIAL ANALYSIS (CONTINUED)**

**CONDENSED STATEMENTS OF NET ASSETS  
SEPTEMBER 30,**

	2005	2004	Dollar Change	Percent Change
Current and other assets	\$ 2,007,086	\$ 2,587,266	\$ (580,180)	-22.4%
Restricted assets	561,812	414,902	146,910	35.4%
Capital assets	<u>1,876,369</u>	<u>1,640,700</u>	<u>235,669</u>	14.4%
Total Assets	<u>4,445,267</u>	<u>4,642,868</u>	<u>(197,601)</u>	-4.3%
Current liabilities	124,876	178,374	(53,498)	-30.0%
Noncurrent liabilities	<u>605,976</u>	<u>555,948</u>	<u>50,028</u>	9.0%
Total Liabilities	<u>730,852</u>	<u>734,322</u>	<u>(3,470)</u>	-0.5%
Net Assets				
Invested in capital assets	1,876,369	1,640,700	235,669	14.4%
Unrestricted	<u>1,838,046</u>	<u>2,267,846</u>	<u>(429,800)</u>	-19.0%
Total Net Assets	<u>\$ 3,714,415</u>	<u>\$ 3,908,546</u>	<u>\$ (194,131)</u>	-5.0%

A portion of the Commission's net assets reflects its investment in capital assets (e.g. land, buildings and equipment) less accumulated depreciation. The Commission uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

Total Assets for 2005 are \$4,445,267 and for 2004 the amount was \$4,642,868. This represents a decrease of \$197,601 which is due to a decrease in accounts receivable and an increase in restricted assets.

Total liabilities decreased by \$3,470 due to the decrease in current liabilities.

While the Statement of Net Assets shows the change in financial position of net assets, the Statements of Revenues, Expenses, and Changes in Net Assets provides answers as to the nature and source of these changes.

As can be seen in the table on the following page total revenues and contributions increased by \$21,697 due to an increase in HUD operating grants of \$104,535 and interest income of \$12,369 but was offset with a decrease in rental revenue, capital contributions and other income.

**Management's Discussion and Analysis (MD&A) - Continued**

**FINANCIAL ANALYSIS (CONTINUED)**

**CONDENSED STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
SEPTEMBER 30,**

	<u>2005</u>	<u>2004</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>Revenues and Contributions</b>				
Operating - non-operating -capital contributions:				
Rental revenue	\$ 376,138	\$ 377,477	(1,339)	-0.4%
HUD operating grants	10,766,978	10,662,443	104,535	1.0%
Interest income	32,363	19,994	12,369	61.9%
Capital Contributions	52,345	105,879	(53,534)	-50.6%
Other income	281,526	325,942	(44,416)	-13.6%
Gain (loss) on sale of fixed assets	3,101	(981)	4,082	-416.1%
Total Revenues and Contributions	<u>11,512,451</u>	<u>11,490,754</u>	<u>21,697</u>	0.2%
<b>Expenses</b>				
Personal services	819,056	720,279	98,777	13.7%
Utilities	91,182	90,215	967	1.1%
Operations and maintenance	343,645	308,816	34,829	11.3%
Insurance	22,391	21,716	675	3.1%
Payment in lieu of taxes	28,044	28,726	(682)	-2.4%
Other supplies and expenses	222,069	227,398	(5,329)	-2.3%
Housing assistance payments	9,859,818	9,752,930	106,888	1.1%
Depreciation	156,969	143,137	13,832	9.7%
Total Expenses	<u>11,543,174</u>	<u>11,293,217</u>	<u>249,957</u>	2.2%
Change in net assets	(30,723)	197,537	(228,260)	
Beginning net assets	3,908,546	3,711,009	197,537	
Prior period adjustments	<u>(163,408)</u>	<u>----</u>	<u>(163,408)</u>	
Beginning net assets, adjusted	<u>3,745,138</u>	<u>3,711,009</u>	<u>34,129</u>	
Ending net assets	\$ <u>3,714,415</u>	\$ <u>3,908,546</u>	\$ <u>(194,131)</u>	

Total expenses increased by \$249,957 due to increases in personal services, utilities, operations and maintenance, insurance, depreciation and housing assistance payments, which were slightly offset by decreases in payment in lieu of taxes and other supplies and expenses.



## Management's Discussion and Analysis (MD&A) - Continued

### CAPITAL ASSETS

*Capital Assets* - The Plymouth Housing Commission's investment in capital assets, as of September 30, 2005 amounts to \$1,876,369 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment and construction in progress.

#### CAPITAL ASSETS NET OF ACCUMULATED DEPRECIATION SEPTEMBER 30,

	<u>2005</u>	<u>2004</u>	<u>Dollar Change</u>
Land	\$ 50,000	\$ 50,000	\$ ----
Building	3,304,602	3,280,927	23,675
Furniture, equipment and machinery- administration	239,395	102,824	136,571
Leasehold improvements	792,541	510,549	281,992
Construction in progress	<u>47,570</u>	<u>97,170</u>	<u>(49,600)</u>
	4,434,108	4,041,470	392,638
Accumulated depreciation	<u>2,557,739</u>	<u>2,400,770</u>	<u>156,969</u>
Total	\$ <u><u>1,876,369</u></u>	\$ <u><u>1,640,700</u></u>	\$ <u><u>235,669</u></u>

The total increase in the Commission's capital assets for the current fiscal year was \$235,669 or 14.4% in terms of net book value. Actual expenditures to purchase equipment and construct capital assets were \$442,238, with retirements of \$49,600 for the year. The Commission has \$30,312 available in Capital Funds to draw down and spend in the future.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Housing Commission is primarily dependent upon HUD for the funding of operations; therefore, the Housing Commission is affected more by the Federal budget than by local economic conditions. The funding of programs could be significantly affected by the 2006 Federal budget.

### REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Ms. Sharon Lee Thomas, Executive Director; Plymouth Housing Commission; 1160 Sheridan; Plymouth, Michigan 48170.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

STATEMENT OF NET ASSETS

September 30, 2005

ASSETS

Current Assets:

Cash and cash equivalents	\$ 672,769.85
Investments	888,967.02
Receivable - net of allowances:	
Accounts	433,790.57
Prepaid expenses	<u>11,559.00</u>
Total Current Assets	<u>2,007,086.44</u>

Noncurrent Assets:

Restricted assets:

Cash and cash equivalents	<u>561,811.61</u>
Total restricted assets	<u>561,811.61</u>

Capital assets:

Land, improvements, and construction in progress	97,570.00
Other capital assets, net of depreciation	<u>1,778,798.88</u>

Total capital assets- net	<u>1,876,368.88</u>
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Total Noncurrent Assets	<u>2,438,180.49</u>
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Total Assets	<u>\$ 4,445,266.93</u>
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See notes to financial statements

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

STATEMENT OF NET ASSETS (CONTINUED)

September 30, 2005

**LIABILITIES**

Current Liabilities:

Accounts Payable	\$ 59,641.87
Accrued compensated absences	25,847.70
Tenant security deposit liability	34,145.00
Deferred revenues	<u>5,241.20</u>

Total Current Liabilities 124,875.77

Noncurrent Liabilities:

Accrued compensated absences	41,164.62
Deferred credits and escrow deposits	<u>564,811.61</u>

Total Noncurrent Liabilities 605,976.23

Total Liabilities 730,852.00

**NET ASSETS**

Invested in capital assets	1,876,368.88
Unrestricted	<u>1,838,046.05</u>

Total Net Assets 3,714,414.93

Total Liabilities and Net Assets \$ 4,445,266.93

See notes to financial statements

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

For Year Ended September 30, 2005

**Operating Revenues:**

Rental revenue	\$ 376,137.75
Operating subsidies- HUD grants	10,766,978.42
Other revenues	<u>281,525.90</u>

Total operating revenues 11,424,642.07

**Operating Expenses:**

Personal services	819,055.62
Utilities	91,181.49
Operations and maintenance	343,644.88
Insurance	22,390.98
Payment in lieu of taxes	28,044.35
Other supplies and expenses	222,068.97
Housing assistance payments	9,859,817.81
Depreciation	<u>156,969.32</u>

Total operating expenses 11,543,173.42

Operating income (loss) (118,531.35)

**Non-operating revenues (expenses):**

Interest and investment earnings	32,362.61
Gain (Loss) on sale of fixed assets	<u>3,101.00</u>

Net non-operating revenues (expenses) 35,463.61

Income (loss) before other revenues, expenses,  
gains, losses and transfers (83,067.74)

Capital contributions 52,345.00

Change in net assets (30,722.74)

Net assets at beginning of year 3,908,545.67  
Prior period error corrections (163,408.00)

Net assets adjusted at beginning of year 3,745,137.67

Net assets at end of year \$ 3,714,414.93

See notes to financial statements

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

STATEMENT OF CASH FLOWS

For Year Ended September 30, 2005

**Cash flows from operating activities:**

Cash received from tenants	\$ 376,137.75
Cash received from HUD grants- operating	10,889,370.14
Cash received from other operating activities	475,368.16
Cash payments for goods and services	(10,579,106.06)
Cash payments to employees-salaries	(512,049.55)
Cash payments to employees-compensated absences	6,224.77
Cash payments for employee benefit contributions	(307,006.07)
Cash payments for in lieu of property taxes	<u>(28,726.20)</u>

Net cash provided (used) by operating activities	<u>320,212.94</u>
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**Cash flows from capital and related financing activities:**

Capital contributions	23,604.86
Proceeds from sale of assets	3,101.00
Receipts (payments) from deferred credits and escrow deposits	56,855.10
Payments for capital assets	<u>(392,638.21)</u>

Net cash (used) for capital and related financing activities	<u>(309,077.25)</u>
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**Cash flows from investing activities:**

Proceeds from sale of (payments) for investments	(888,967.02)
Interest and dividends	32,362.61
Receipts (payments) from tenant security deposits	<u>670.00</u>

Net cash provided (used ) from investing activities	<u>(855,934.41)</u>
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Net increase (decrease) in cash and cash equivalents	(844,798.72)
Cash and cash equivalents at beginning of year	<u>2,079,380.18</u>

Cash and cash equivalents at end of year	\$ <u><u>1,234,581.46</u></u>
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Cash and cash equivalents	\$ 672,769.85
Restricted cash and cash equivalents	<u>561,811.61</u>

Total cash and cash equivalents at end of year	\$ <u><u>1,234,581.46</u></u>
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See notes to financial statements

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

STATEMENT OF CASH FLOWS (CONTINUED)

For Year Ended September 30, 2005

**Reconciliation of operating income (loss) to net cash  
provided (used) by operating activities:**

Operating income (loss)	\$ (118,531.35)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	156,969.32
Changes in assets and liabilities:	
Receivables	316,233.98
Prepaid expenses	19,200.03
Accounts and other payables	(59,883.81)
Compensated absences	<u>6,224.77</u>
Net cash provided (used) by operating activities	<u>\$ 320,212.94</u>

See notes to financial statements

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

September 30, 2005

**NOTE 1 - Summary of Significant Accounting Policies**

The Plymouth Housing Commission (Commission) is a non-profit entity established to provide low-rent housing, under the low rent program Annual Contributions Contract for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other Federal agencies.

The Housing Commission complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the financial statements for the proprietary fund, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the Housing Commission the option of electing to apply FASB pronouncements issued after November 30, 1989, except for those that conflict with or contradict a GASB pronouncement. The Housing Commission has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

**1a. Financial Reporting Entity**

The Housing Commission's financial reporting entity comprises the following:

Primary Government:	Housing Commission
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In determining the financial reporting entity, the Housing Commission complies with the provisions of GASB Statement No. 14 as amended by GASB no 39, "The Financial Reporting Entity," and includes all component units, if any, of which the Housing Commission appointed a voting majority of the units' board; the Housing Commission is either able to impose its will on the unit or a financial benefit or burden relationship exists. There are no agencies, organizations or activities meeting this criteria.

**1b. Basis of Presentation**

Financial statements of the reporting entity's programs are organized and reported as an enterprise fund and are accounted for by providing a set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Enterprise funds are used to account for business-like activities provided to its tenants. These activities are financed primarily by user charges and/or Federal funding and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the Commission's programs as an enterprise fund.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

September 30, 2005

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**1b. Basis of Presentation (Continued)**

Following is a description of the Commission's programs:

<b>Program</b>	<b>Brief Description</b>
Low Rent	Accounts for activities of the Public and Indian Housing program which HUD provides an annual subsidy to help public housing agencies (PHAs) pay some of the cost of operating and maintaining public housing units.
Housing Choice Vouchers	Accounts for activities of the Voucher program which assists very low-income families, the elderly, and the disabled to afford decent, safe and sanitary housing in the private market.
Resident Opportunities and Self Sufficiency	Accounts for activities of the ROSS program which links public housing residents with supportive services, resident empowerment activities, and assistance in becoming economically self-sufficient.
Capital Fund Program	Accounts for activities of the Capital Fund which provides funds to housing authorities to modernize public housing developments.
Business Activities	Accounts for activities of the Commission's administrative contracts with other agencies.

**1c. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

In the financial statements, the "economic resources" measurement focus is used as follows:

- ▶ The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.



PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

September 30, 2005

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**1c. Measurement Focus and Basis of Accounting (Continued)**

**Basis of Accounting**

In the financial statements, the proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

**1d. Assets, Liabilities, and Equity**

**Cash and Investments**

For the purpose of the Statement of Net Assets, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations, if any, with a remaining maturity at the time of purchase of one year or less. Those investments, if any, are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2b. and 3a.

**Interprogram Receivables and Payables**

During the course of operations, numerous transactions occur within individual programs that may result in amounts owed between these programs. Offsetting interprograms are eliminated for financial statement presentation.

**Receivables**

Receivables consist of all revenues earned at year-end and not yet received. Accounts receivable miscellaneous and accounts receivable from U.S. Department of Housing and Urban Development compose the majority of receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

**Budgets and Budgetary Accounting**

The Commission adopts a formal operating budget each year for its operating programs and on a project length basis for its capital expenditures which are approved by the Board of Commissioners and submitted to the Department of Housing and Urban Development for their approval, if required.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

September 30, 2005

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**1d. Assets, Liabilities, and Equity (Continued)**

**Estimates and Assumptions**

The Commission uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses.

**Capital Assets**

The accounting treatment over property, plant, and equipment (capital assets) is as follows:

In the financial statements, capital assets purchased or acquired with an original cost of \$1,500.00 or more are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense depending on the program where the asset is shown, in the Statement of Revenues, Expenses and Changes in Net Assets, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40	years
Furniture, equipment and machinery - administration	5 - 7	years
Leasehold improvements	17	years

**Restricted Assets**

Restricted assets include cash and investments legally restricted as to their use. The primary restricted assets are related to Housing Choice Vouchers which is a HUD program.

**Compensated Absences**

The Housing Commission's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as short-term and long-term liabilities based on historical trends. In accordance with the provisions of GASB Statement No. 16, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

September 30, 2005

NOTE 1 - Summary of Significant Accounting Policies (Continued)

**1d. Assets, Liabilities, and Equity (Continued)**

**Equity Classifications**

Equity is classified as net assets and displayed in two components:

- a. Invested in capital assets, net of related debt—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. The Commission had no related debt.
- b. Unrestricted net assets—All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**1e. Revenues, Expenditures, and Expenses**

**Operating Revenues and Expenses**

Operating revenues and expenses are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Non-operating revenues and expenses are those that are not operating in nature.

**Interfund Transfers**

For the purposes of the Statement of Revenues, Expenses and Change in Net Assets, all interfund transfers between individual programs, if any, have been eliminated.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

September 30, 2005

**NOTE 2 - Stewardship, Compliance, and Accountability**

The Commission and its component units, if any, are subject to various federal, state, and local laws and contractual regulations. An analysis of the Commission's compliance with significant laws and regulations and demonstration of its stewardship over Commission resources follows.

**2a. Program Accounting Requirements**

The Commission's complies with all state and local laws and regulations requiring the use of separate programs. The programs used by the Commission are as follows:

<b>Program</b>	<b>Required By</b>
Public and Indian Housing	U.S. Department of Housing and Urban Development
Housing Choice Vouchers	U.S. Department of Housing and Urban Development
Capital Fund Program	U.S. Department of Housing and Urban Development
Resident Opportunities and Self Sufficiency	U.S. Department of Housing and Urban Development
Business Activities	Housing Commission

**2b. Deposits and Investments Laws and Regulations**

In accordance with state law, all uninsured deposits of the Commission in financial institutions must be secured with acceptable collateral valued at the lower of market or par. All financial institutions pledging collateral to the Commission must have a written collateral agreement. As reflected in Note 3a., all deposits were fully insured or collateralized.

Investments of the Commission are limited by state law to the following:

- a. Direct obligations of the U.S. Government or its agencies or instrumentalities to which acceptable collateral is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral.

**2c. Revenue Restrictions**

The Commission has various restrictions placed over certain revenue sources. The primary restricted revenue sources include:

<i>Revenue Source</i>	<i>Legal Restrictions of Use</i>
Capital Fund Program	Modernization
Residential Opportunities and Supplemental Services Program	Supportive services and empowerment activities

For the year ended September 30, 2005, the Commission complied, in all material respects, with these revenue restrictions.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

September 30, 2005

**NOTE 3 - Detail Notes on Transaction Classes/Accounts**

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

**3a. Cash and Investments**

**Deposits**

The Commission's policies regarding deposits of cash are discussed in Note 1d. The table presented below is designed to disclose the level of custody credit risk assumed by the Commission based upon how its deposits were insured or secured with collateral at September 30, 2005. The categories of credit risk are defined as follows:

Category 1—Insured by FDIC or collateralized with securities held by the Commission (or public trust) or by its agent in its name

Category 2—Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Commission's name

Category 3—Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Commission's name; or collateralized with no written or approved collateral agreement

Type of Deposits	Total Bank Balance	Custody Credit Risk			Total Carrying Value
		Category 1	Category 2	Category 3	
Demand deposits	\$ <u>1,372,401.80</u>	\$ <u>1,372,401.80</u>	\$ ----	\$ ----	\$ <u>1,234,031.46</u>
Total Deposits	\$ <u>1,372,401.80</u>	\$ <u>1,372,401.80</u>	\$ ----	\$ ----	\$ <u>1,234,031.46</u>

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

September 30, 2005

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3a. Cash and Investments (Continued)

Investments

The Commission's policies and applicable laws regarding investments are discussed in Notes 1d. and 2b. The table presented below is designed to disclose the level of market risk and custody credit risk assumed by the Commission (or public trust) based upon whether the investments are insured or registered and upon who holds the security at September 30, 2005. The categories of credit risk are defined as follows:

Category 1—Insured or registered with securities held by the Commission or its agent in the Commission's name

Category 2—Uninsured and unregistered with securities held by counterparty's trust department or agent in the Commission's name

Category 3—Uninsured and unregistered with securities held by the counterparty or by its trust department or agent but not in the Commission's name

	Custody Credit Risk			Carrying Amount	Fair Value
	Category 1	Category 2	Category 3		
Certificate of Deposit	\$ 888,967.02	\$ ----	\$ ----	\$ 888,967.02	\$ 888,967.02
	<u>\$ 888,967.02</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 888,967.02</u>	<u>\$ 888,967.02</u>

3b. Restricted Assets

The restricted assets as of September 30, 2005, are as follows:

Type of Restricted Assets	Cash Including Time Deposits	Investments	Accrued Interest	Total
FSS escrow	\$ 561,811.61	\$ ----	\$ ----	\$ 561,811.61
	<u>\$ 561,811.61</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 561,811.61</u>

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

September 30, 2005

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3c. Accounts Receivable

Receivables detail at September 30, 2005, is as follows:

Accounts receivable - HUD	\$ 31,445.78
Accounts receivable - miscellaneous (Dearborn Heights Housing Commission)	401,844.83
Accounts receivable - other	<u>500.00</u>
	<u>\$ 433,790.61</u>

3d. Capital Assets

Capital asset activity for the year ended September 30, 2005, was as follows:

	Balance October 1, 2004	Additions	(Retirements)	Balance September 30, 2005
Land	\$ 50,000.00	\$ -----	\$ -----	\$ 50,000.00
Building	3,280,927.28	23,675.00	-----	3,304,602.28
Furniture, equipment and machinery- administration	102,823.74	136,571.00	-----	239,394.74
Leasehold improvements	510,548.86	281,992.32	-----	792,541.18
Construction in progress	<u>97,170.11</u>	<u>-----</u>	<u>(49,600.11)</u>	<u>47,570.00</u>
	4,041,469.99	<u>\$ 442,238.32</u>	<u>\$ (49,600.11)</u>	4,434,108.20
Accumulated depreciation	<u>2,400,770.00</u>	<u>\$ 156,969.32</u>	<u>\$ -----</u>	<u>2,557,739.32</u>
Total	<u>\$ 1,640,699.99</u>			<u>\$ 1,876,368.88</u>

3e. Accounts Payable

Payable detail at September 30, 2005, is as follows:

Accounts payable - vendors	\$ 31,599.35
Accounts payable - other government - PILOT	<u>28,042.52</u>
	<u>\$ 59,641.87</u>

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

September 30, 2005

NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)

3f. **Compensated Absences**

Accumulated unpaid compensated absences are accrued. The liability for compensated absences at September 30, 2005 is \$67,012.32.

3g. **Non-current Liabilities**

As of September 30, 2005, the non-current liabilities are comprised of the following:

Deferred credits and escrow deposits - FSS escrow	\$ 564,811.61
Accrued compensated absences - non current portion	<u>41,164.62</u>
Total	<u>\$ 605,976.23</u>

The following is a summary of changes in non-current liabilities for the year ended September 30, 2005:

	<u>Balance September 30, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2005</u>	<u>Amounts Due within One Year</u>
Deferred credits and escrow deposits	\$ 507,956.51	\$ 56,855.10	\$ ----	\$ 564,811.61	\$ ----
Accrued compensated absences	<u>47,991.61</u>	<u>----</u>	<u>6,826.99</u>	<u>41,164.62</u>	<u>25,847.70</u>
Total	<u>\$ 555,948.12</u>	<u>\$ 56,855.10</u>	<u>\$ 6,826.99</u>	<u>\$ 605,976.23</u>	<u>\$ 25,847.70</u>

3h. **Interprogram Transactions and Balances**

*Interprogram Receivable/Payable*

Public and Indian Housing - Low Rent	\$ 77,786.95
Housing Choice Vouchers	(506,553.66)
Capital Fund Program	(21,403.50)
Resident Opportunity and Supportive Services	5,241.20
Business Activities	<u>444,929.01</u>
Total	<u>\$ ----</u>



PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

September 30, 2005

**NOTE 3 - Detail Notes on Transaction Classes/Accounts (Continued)**

**3i. Unrestricted net assets - Prior-period Error Corrections**

Following is the composite of error corrections:

1. Accounts receivable - HUD - correct to HUD approved form 52681	\$ (163,408.00)
Totals	\$ <u>(163,408.00)</u>

**NOTE 4 - Other Notes**

**4a. Employee Retirement Plan**

The Plymouth Housing Commission provides a pension benefits for its full-time employees through a defined contribution plan and a defined benefit plan. A defined contribution plan depends solely on amounts contributed to the plan plus investment earnings. The plan requires the Plymouth Housing Commission to contribute 15% of covered wages. A defined benefit plan depends on the amount of pension benefits to be provided at a future date or after a certain period of time; the amount specified usually is a function of one or more factors such as age, years of service, and compensation. The plan requires the Housing Commission to contribute 22.6% of covered wages. The Housing Commission's contribution for each employee is fully vested in the following manor: Defined Benefit Participants vest in 10 years of service and Defined Contribution Participants vest in 20 years of service. The Commission accounts for pension cost as incurred. Pension expense totaled \$99,038.71 for the year ended September 30, 2005.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

September 30, 2005

NOTE 4 - Other Notes (Continued)

4b. Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The Commission manages these various risks of loss as follows:

Type of Loss	Method Managed
a. Torts, errors and omissions	Purchased insurance with Michigan Municipal Risk Management
b. Injuries to employees (workers' compensation)	Purchased insurance with Citizens Insurance Company of America; Claims are administered by C.L. Finland and Son, Inc.
c. Physical property loss and natural disasters	Purchased commercial insurance with no deductibles.
d. Health and life	Purchased health insurance with Blue Cross Blue Shield of Michigan; Life insurance is provided by Lafayette Life

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Commission. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

4c. Commitments and Contingencies

Commitments—Construction

At September 30, 2005, the Commission had the following pending construction projects in progress:

	<u>Funds Approved</u>	<u>Funds Expended - Project to Date</u>
CFP 501-04	\$ <u>126,263.00</u>	\$ <u>95,950.92</u>
	\$ <u><u>126,263.00</u></u>	\$ <u><u>95,950.92</u></u>

Contingencies

The Commission is subject to possible examination by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Commission in the current and prior years. No significant violations of finance-related legal or contractual provisions occurred.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

COMBINING STATEMENT OF NET ASSETS BY PROGRAM

September 30, 2005

	Low Rent Program	Housing Choice Vouchers	Resident Opportunity and Supportive Services
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 371,681.26	\$ 295,717.20	\$ -----
Receivable - net of allowances:			
Accounts	-----	299,067.11	-----
Due from (to) interprogram	77,786.95	(506,553.66)	5,241.20
Prepaid expenses	<u>11,559.00</u>	<u>-----</u>	<u>-----</u>
Total Current Assets	<u>461,027.21</u>	<u>88,230.65</u>	<u>5,241.20</u>
Noncurrent Assets:			
Restricted assets:			
Cash and cash equivalents	-----	561,811.61	-----
Total restricted assets	<u>-----</u>	<u>561,811.61</u>	<u>-----</u>
Capital assets:			
Land, improvements, and construction in progress	50,000.00	-----	-----
Other capital assets, net of depreciation	<u>1,287,766.22</u>	<u>425,378.61</u>	<u>-----</u>
Total capital assets- net	<u>1,337,766.22</u>	<u>425,378.61</u>	<u>-----</u>
Total Noncurrent Assets	<u>1,337,766.22</u>	<u>987,190.22</u>	<u>-----</u>
Total Assets	\$ <u><u>1,798,793.43</u></u>	\$ <u><u>1,075,420.87</u></u>	\$ <u><u>5,241.20</u></u>

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

COMBINING STATEMENT OF NET ASSETS BY PROGRAM (CONTINUED)

September 30, 2005

	Low Rent Program	Housing Choice Vouchers	Resident Opportunity and Supportive Services
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 59,641.87	\$ ----	\$ ----
Accrued compensated absences	10,899.51	8,772.80	----
Tenant security deposit liability	34,145.00	----	----
Deferred revenues	----	----	5,241.20
Total Current Liabilities	<u>104,686.38</u>	<u>8,772.80</u>	<u>5,241.20</u>
Noncurrent Liabilities:			
Accrued compensated absences	7,892.82	19,526.57	----
Deferred credits and escrow deposits	----	564,811.61	----
Total Noncurrent Liabilities	<u>7,892.82</u>	<u>584,338.18</u>	<u>----</u>
Total Liabilities	<u>112,579.20</u>	<u>593,110.98</u>	<u>5,241.20</u>
<b>NET ASSETS</b>			
Invested in capital assets	1,337,766.22	425,378.61	----
Unrestricted	<u>348,448.01</u>	<u>56,931.28</u>	<u>----</u>
Total Net Assets	<u>1,686,214.23</u>	<u>482,309.89</u>	<u>----</u>
Total Liabilities and Net Assets	<u>\$ 1,798,793.43</u>	<u>\$ 1,075,420.87</u>	<u>\$ 5,241.20</u>

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

COMBINING STATEMENT OF NET ASSETS BY PROGRAM (CONTINUED)

September 30, 2005

	Capital Fund Program	Business Activities	Totals
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ -----	\$ 5,371.39	\$ 672,769.85
Investments	-----	888,967.02	888,967.02
Receivable - net of allowances:			
Accounts	21,403.50	113,319.96	433,790.57
Due from (to) interprogram	(21,403.50)	444,929.01	-----
Prepaid expenses	-----	-----	11,559.00
Total Current Assets	-----	1,452,587.38	2,007,086.44
Noncurrent Assets:			
Restricted assets:			
Cash and cash equivalents	-----	-----	561,811.61
Total restricted assets	-----	-----	561,811.61
Capital assets:			
Land, improvements, and construction in progress	47,570.00	-----	97,570.00
Other capital assets, net of depreciation	65,654.05	-----	1,778,798.88
Total capital assets- net	113,224.05	-----	1,876,368.88
Total Noncurrent Assets	113,224.05	-----	2,438,180.49
Total Assets	\$ <u>113,224.05</u>	\$ <u>1,452,587.38</u>	\$ <u>4,445,266.93</u>

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

COMBINING STATEMENT OF NET ASSETS BY PROGRAM (CONTINUED)

September 30, 2005

	Capital Fund Program	Business Activities	Totals
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ -----	\$ -----	\$ 59,641.87
Accrued compensated absences	-----	6,175.39	25,847.70
Tenant security deposit liability	-----	-----	34,145.00
Deferred revenues	-----	-----	5,241.20
Total Current Liabilities	-----	6,175.39	124,875.77
Noncurrent Liabilities:			
Accrued compensated absences	-----	13,745.23	41,164.62
Deferred credits and escrow deposits	-----	-----	564,811.61
Total Noncurrent Liabilities	-----	13,745.23	605,976.23
Total Liabilities	-----	19,920.62	730,852.00
<b>NET ASSETS</b>			
Invested in capital assets	113,224.05	-----	1,876,368.88
Unrestricted	-----	1,432,666.76	1,838,046.05
Total Net Assets	113,224.05	1,432,666.76	3,714,414.93
Total Liabilities and Net Assets	\$ <u>113,224.05</u>	\$ <u>1,452,587.38</u>	\$ <u>4,445,266.93</u>

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

**COMBINING STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN FUND NET ASSETS BY PROGRAM**

For Year Ended September 30, 2005

	Low Rent Program	Housing Choice Vouchers	Resident Opportunity and Supportive Services
<b>Operating Revenues:</b>			
Rental revenue	\$ 376,137.75	\$ -----	\$ -----
Operating subsidies- HUD grants	27,072.00	10,635,269.28	-----
Other revenues	-----	24,252.74	-----
Total operating revenues	<u>403,209.75</u>	<u>10,659,522.02</u>	<u>-----</u>
<b>Operating Expenses:</b>			
Personal services	116,266.53	530,076.51	-----
Utilities	91,181.49	-----	-----
Operations and maintenance	153,420.77	82,433.70	-----
Insurance	22,390.98	-----	-----
Payment in lieu of taxes	28,044.35	-----	-----
Other supplies and expenses	18,878.86	153,788.11	-----
Housing assistance payments	-----	9,859,817.81	-----
Depreciation	<u>132,266.84</u>	<u>24,702.48</u>	<u>-----</u>
Total operating expenses	<u>562,449.82</u>	<u>10,650,818.61</u>	<u>-----</u>
Operating income (loss)	<u>(159,240.07)</u>	<u>8,703.41</u>	<u>-----</u>
<b>Non-operating revenues (expenses):</b>			
Interest and investment earnings	9,403.03	358.74	-----
Gain (Loss) on sale of fixed assets	<u>3,101.00</u>	<u>-----</u>	<u>-----</u>
Net non-operating revenues (expenses)	<u>12,504.03</u>	<u>358.74</u>	<u>-----</u>
Income (loss) before other revenues, expenses, gains, losses and transfers	<u>(146,736.04)</u>	<u>9,062.15</u>	<u>-----</u>
Change in net assets	<u>(146,736.04)</u>	<u>9,062.15</u>	<u>-----</u>
Net assets at beginning of year	1,760,562.84	636,655.74	-----
Prior period error corrections	<u>-----</u>	<u>(163,408.00)</u>	<u>-----</u>
Net assets adjusted at beginning of year	1,760,562.84	473,247.74	-----
Equity transfers	<u>72,387.43</u>	<u>-----</u>	<u>-----</u>
Net assets at end of year	<u>\$ 1,686,214.23</u>	<u>\$ 482,309.89</u>	<u>\$ -----</u>

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

**COMBINING STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN FUND NET ASSETS BY PROGRAM (CONTINUED)**

For Year Ended September 30, 2005

	Capital Fund Program	Business Activities	Totals
<b>Operating Revenues:</b>			
Rental revenue	\$ -----	\$ -----	\$ 376,137.75
Operating subsidies- HUD grants	104,637.14	-----	10,766,978.42
Other revenues	-----	257,273.16	281,525.90
Total operating revenues	<u>104,637.14</u>	<u>257,273.16</u>	<u>11,424,642.07</u>
<b>Operating Expenses:</b>			
Personal services	14,378.03	158,334.55	819,055.62
Utilities	-----	-----	91,181.49
Operations and maintenance	83,354.11	24,436.30	343,644.88
Insurance	-----	-----	22,390.98
Payment in lieu of taxes	-----	-----	28,044.35
Other supplies and expenses	6,905.00	42,497.00	222,068.97
Housing assistance payments	-----	-----	9,859,817.81
Depreciation	-----	-----	156,969.32
Total operating expenses	<u>104,637.14</u>	<u>225,267.85</u>	<u>11,543,173.42</u>
Operating income (loss)	<u>-----</u>	<u>32,005.31</u>	<u>(118,531.35)</u>
<b>Non-operating revenues (expenses):</b>			
Interest and investment earnings	-----	22,600.84	32,362.61
Gain (Loss) on sale of fixed assets	-----	-----	3,101.00
Net non-operating revenues (expenses)	<u>-----</u>	<u>22,600.84</u>	<u>35,463.61</u>
Income (loss) before other revenues, expenses, gains, losses and transfers	<u>-----</u>	<u>54,606.15</u>	<u>(83,067.74)</u>
Capital contributions	<u>52,345.00</u>	<u>-----</u>	<u>52,345.00</u>
Change in net assets	<u>52,345.00</u>	<u>54,606.15</u>	<u>(30,722.74)</u>
Net assets at beginning of year	133,266.48	1,378,060.61	3,908,545.67
Prior period error corrections	<u>-----</u>	<u>-----</u>	<u>(163,408.00)</u>
Net assets adjusted at beginning of year	<u>133,266.48</u>	<u>1,378,060.61</u>	<u>3,745,137.67</u>
Equity transfers	<u>(72,387.43)</u>	<u>-----</u>	<u>-----</u>
Net assets at end of year	\$ <u>113,224.05</u>	\$ <u>1,432,666.76</u>	\$ <u>3,714,414.93</u>



PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

COMBINING STATEMENT OF CASH FLOWS BY PROGRAM

For Year Ended September 30, 2005

	Low Rent Program	Housing Choice Vouchers	Resident Opportunity and Supportive Services
<b>Cash flows from operating activities:</b>			
Cash received from tenants	\$ 376,137.75	\$ -----	\$ -----
Cash received from HUD grants- operating	27,072.00	10,757,661.00	-----
Cash received from other operating activities	1,340.24	235,677.74	-----
Cash payments for goods and services	(345,874.03)	(10,076,039.62)	-----
Cash payments to employees-salaries	(74,630.46)	(329,133.52)	-----
Cash payments to employees-compensated absences	4,114.90	-----	-----
Cash payments for employee benefit contributions	(41,636.07)	(200,942.99)	-----
Cash payments for in lieu of property taxes	(28,726.20)	-----	-----
Net cash provided (used) by operating activities	(82,201.87)	387,222.61	-----
<b>Cash flows from noncapital financing activities:</b>			
Receipts (payments) from interprograms	14,333.90	82,706.22	(1,777.39)
Net cash provided (used ) from non capital financing activities	14,333.90	82,706.22	(1,777.39)
<b>Cash flows from capital and related financing activities:</b>			
Receipts (payments) from interprograms	(28,740.14)	-----	-----
Proceeds from sale of assets	3,101.00	-----	-----
Receipts (payments) from deferred credits and escrow deposits	-----	56,855.10	-----
Payments for capital assets	(18,820.00)	(321,473.21)	-----
Net cash (used) for capital and related financing activities	(44,459.14)	(264,618.11)	-----
<b>Cash flows from investing activities:</b>			
Interest and dividends	9,403.03	358.74	-----
Receipts (payments) from tenant security deposits	670.00	-----	-----
Net cash provided (used ) from investing activities	10,073.03	358.74	-----

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

COMBINING STATEMENT OF CASH FLOWS BY PROGRAM (CONTINUED)

For Year Ended September 30, 2005

	Low Rent Program	Housing Choice Vouchers	Resident Opportunity and Supportive Services
Net increase (decrease) in cash and cash equivalents	(102,254.08)	205,669.46	(1,777.39)
Cash and cash equivalents at beginning of year	<u>473,935.34</u>	<u>651,859.35</u>	<u>1,777.39</u>
Cash and cash equivalents at end of year	\$ <u><u>371,681.26</u></u>	\$ <u><u>857,528.81</u></u>	\$ <u><u>-----</u></u>
Cash and cash equivalents	\$ 371,681.26	\$ 295,717.20	\$ -----
Restricted cash and cash equivalents	<u>-----</u>	<u>561,811.61</u>	<u>-----</u>
Total cash and cash equivalents at end of year	\$ <u><u>371,681.26</u></u>	\$ <u><u>857,528.81</u></u>	\$ <u><u>-----</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (159,240.07)	\$ 8,703.41	\$ -----
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	132,266.84	24,702.48	-----
Changes in assets and liabilities:			
Receivables	1,340.24	333,816.72	-----
Prepaid expenses	(799.97)	20,000.00	-----
Accounts and other payables	(59,883.81)	-----	-----
Compensated absences	<u>4,114.90</u>	<u>-----</u>	<u>-----</u>
Net cash provided (used) by operating activities	\$ <u><u>(82,201.87)</u></u>	\$ <u><u>387,222.61</u></u>	\$ <u><u>-----</u></u>

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

COMBINING STATEMENT OF CASH FLOWS BY PROGRAM (CONTINUED)

For Year Ended September 30, 2005

	Capital Fund Program	Business Activities	Totals
<b>Cash flows from operating activities:</b>			
Cash received from tenants	\$ ----	\$ ----	\$ 376,137.75
Cash received from HUD grants- operating	104,637.14	----	10,889,370.14
Cash received from other operating activities	----	238,350.18	475,368.16
Cash payments for goods and services	(90,259.11)	(66,933.30)	(10,579,106.06)
Cash payments to employees-salaries	(9,972.96)	(98,312.61)	(512,049.55)
Cash payments to employees-compensated absences	----	2,109.87	6,224.77
Cash payments for employee benefit contributions	(4,405.07)	(60,021.94)	(307,006.07)
Cash payments for in lieu of property taxes	----	----	(28,726.20)
Net cash provided (used) by operating activities	----	15,192.20	320,212.94
<b>Cash flows from noncapital financing activities:</b>			
Receipts (payments) from interprograms	----	(95,262.73)	----
Net cash provided (used ) from non capital financing activities	----	(95,262.73)	----
<b>Cash flows from capital and related financing activities:</b>			
Capital contributions	23,604.86	----	23,604.86
Receipts (payments) from interprograms	28,740.14	----	----
Proceeds from sale of assets	----	----	3,101.00
Receipts (payments) from deferred credits and escrow deposits	----	----	56,855.10
Payments for capital assets	(52,345.00)	----	(392,638.21)
Net cash (used) for capital and related financing activities	----	----	(309,077.25)
<b>Cash flows from investing activities:</b>			
Proceeds from sale of (payments) for investments	----	(888,967.02)	(888,967.02)
Interest and dividends	----	22,600.84	32,362.61
Receipts (payments) from tenant security deposits	----	----	670.00
Net cash provided (used ) from investing activities	----	(866,366.18)	(855,934.41)

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

COMBINING STATEMENT OF CASH FLOWS BY PROGRAM (CONTINUED)

For Year Ended September 30, 2005

	Capital Fund Program	Business Activities	Totals
Net increase (decrease) in cash and cash equivalents	-----	(946,436.71)	(844,798.72)
Cash and cash equivalents at beginning of year	-----	951,808.10	2,079,380.18
Cash and cash equivalents at end of year	\$ -----	\$ 5,371.39	\$ 1,234,581.46
Cash and cash equivalents	\$ -----	\$ 5,371.39	\$ 672,769.85
Restricted cash and cash equivalents	-----	-----	561,811.61
Total cash and cash equivalents at end of year	\$ -----	\$ 5,371.39	\$ 1,234,581.46
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ -----	\$ 32,005.31	\$ (118,531.35)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	-----	-----	156,969.32
Changes in assets and liabilities:			
Receivables	-----	(18,922.98)	316,233.98
Prepaid expenses	-----	-----	19,200.03
Accounts and other payables	-----	-----	(59,883.81)
Compensated absences	-----	2,109.87	6,224.77
Net cash provided (used) by operating activities	\$ -----	\$ 15,192.20	\$ 320,212.94

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
NOTES TO THE SCHEDULE OF FEDERAL AWARDS**

Year Ended September 30, 2005

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<u>Fiscal Year</u>	<u>Federal Grantor</u>	<u>Federal CFDA No.</u>	<u>Expenditures</u>
	<u>U.S. Department of HUD</u>		
	<b>Public and Indian Housing</b>		
	<b><u>Nonmajor - Direct Program</u></b>		
2005	Low Rent Program	14.850a	\$ <u>27,072.00</u>
	<b>Low Income Public Housing</b>		
	<b><u>Major - Direct Program</u></b>		
2005	Housing Choice Vouchers	14.871	\$ <u>10,626,116.13</u>
	<b>Public and Indian Housing</b>		
	<b><u>Nonmajor - Direct Program</u></b>		
2005	Capital Fund program	14.872	\$ <u>156,982.14</u>
	<b>Total</b>		\$ <u>10,810,170.27</u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS

**NOTE 1 - Significant Accounting Policies**

The schedule of federal awards has been prepared on the accrual basis of accounting.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

PHA'S STATEMENT AND CERTIFICATION OF  
CAPITAL FUND PROGRAM COSTS

September 30, 2005

1. Actual Capital Fund Program costs are as follows:

	<u>CFP 501-03</u>
Funds approved	\$ 109,025.00
Funds expended	<u>109,025.00</u>
Excess of Funds Approved	\$ <u>-----</u>
 Funds advanced	 \$ 109,025.00
Funds expended	<u>109,025.00</u>
Excess (deficiency) of Funds Advanced	\$ <u>-----</u>

2. The costs as shown on the Actual Cost Certificate dated June 15, 2005 submitted to HUD for approval is in agreement with the PHA's records as of September 30, 2005.
3. All costs have been paid and all related liabilities have been discharged through payments.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

PHA'S STATEMENT AND CERTIFICATION OF  
CAPITAL FUND PROGRAM COSTS

September 30, 2005

1. Actual Capital Fund Program costs are as follows:

	<u>CFP 502-03</u>
Funds approved	\$ 21,728.00
Funds expended	<u>21,728.00</u>
Excess of Funds Approved	\$ <u>-----</u>
Funds advanced	\$ 21,728.00
Funds expended	<u>21,728.00</u>
Excess (deficiency) of Funds Advanced	\$ <u>-----</u>

2. The costs as shown on the Actual Cost Certificate dated June 15, 2005 submitted to HUD for approval is in agreement with the PHA's records as of September 30, 2005.
3. All costs have been paid and all related liabilities have been discharged through payments.

## PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

## FINANCIAL DATA SCHEDULE

Year Ended September 30, 2005

FDS Line Item No.		Low Rent Program 14.850a	Housing Choice Vouchers 14.871	Resident Opportunity and Supportive Services 14.870
	Assets:			
	Current Assets:			
	Cash			
111	Cash-unrestricted	\$ 371,681.26	\$ 295,717.20	\$ ----
113	Cash-other restricted	----	561,811.61	----
100	Total cash	<u>371,681.26</u>	<u>857,528.81</u>	<u>----</u>
	Accounts and notes receivable:			
122	Accounts receivable-HUD	----	10,042.28	----
125	Accounts receivable- miscellaneous	----	289,024.83	----
120	Total receivables, net of allowance for doubtful accounts	<u>----</u>	<u>299,067.11</u>	<u>----</u>
142	Prepaid expenses and other assets	11,559.00	----	----
144/ (347)	Interprogram due from	<u>77,786.95</u>	<u>(506,553.66)</u>	<u>5,241.20</u>
150	Total current assets	<u>461,027.21</u>	<u>650,042.26</u>	<u>5,241.20</u>
	Noncurrent Assets:			
	Fixed assets:			
161	Land	50,000.00	----	----
162	Buildings	3,122,615.63	158,311.65	----
164	Furniture, equipment and machinery- administration	57,979.00	181,415.74	----
165	Leasehold improvements	510,548.86	240,013.27	----
166	Accumulated depreciation	<u>(2,403,377.27)</u>	<u>(154,362.05)</u>	<u>----</u>
160	Total fixed assets, net of accumulated depreciation	<u>1,337,766.22</u>	<u>425,378.61</u>	<u>----</u>
180	Total noncurrent assets	<u>1,337,766.22</u>	<u>425,378.61</u>	<u>----</u>
190	Total Assets	<u>\$ 1,798,793.43</u>	<u>\$ 1,075,420.87</u>	<u>\$ 5,241.20</u>



PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended September 30, 2005

FDS Line Item No.	Low Rent Program 14.850a	Housing Choice Vouchers 14.871	Resident Opportunity and Supportive Services 14.870
<b>Liabilities and Equity:</b>			
Liabilities:			
Current Liabilities:			
312 Accounts payable < 90 days	\$ (31,599.35)	\$ -----	\$ -----
322 Accrued compensated absences- current portion	(10,899.51)	(8,772.80)	-----
333 Accounts payable -other government	(28,042.52)	-----	-----
341 Tenant security deposits	(34,145.00)	-----	-----
342 Deferred revenues	-----	-----	(5,241.20)
310 Total current liabilities	<u>(104,686.38)</u>	<u>(8,772.80)</u>	<u>(5,241.20)</u>
Noncurrent Liabilities:			
353 Noncurrent liabilities-other	-----	(564,811.61)	-----
354 Accrued compensated absences- non current portion	<u>(7,892.82)</u>	<u>(19,526.57)</u>	<u>-----</u>
350 Total noncurrent liabilities	<u>(7,892.82)</u>	<u>(584,338.18)</u>	<u>-----</u>
300 Total liabilities	<u>(112,579.20)</u>	<u>(593,110.98)</u>	<u>(5,241.20)</u>
Equity:			
508.1 Investment in capital assets , Net of Related Debt	<u>(1,337,766.22)</u>	<u>(425,378.61)</u>	<u>-----</u>
512.1 Unrestricted Net Assets	<u>(348,448.01)</u>	<u>(56,931.28)</u>	<u>-----</u>
600 Total Liabilities and Equity	<u>\$ (1,798,793.43)</u>	<u>\$ (1,075,420.87)</u>	<u>\$ (5,241.20)</u>

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended September 30, 2005

FDS Line Item No.		Low Rent Program 14.850a	Housing Choice Vouchers 14.871	Resident Opportunity and Supportive Services 14.870
<b>Revenue:</b>				
703	Net rental revenue	\$ (371,625.00)	\$ -----	\$ -----
704	Tenant revenue-other	(4,512.75)	-----	-----
705	Total tenant revenue	(376,137.75)	-----	-----
706	HUD PHA operating grants	(27,072.00)	(10,635,269.28)	-----
711	Investment income-unrestricted	(9,403.03)	(358.74)	-----
714	Fraud recovery	-----	(24,252.74)	-----
716	Gain on sale of fixed assets	(3,101.00)	-----	-----
700	Total revenue	(415,713.78)	(10,659,880.76)	-----
<b>Expenses:</b>				
Administrative				
911	Administrative salaries	43,192.92	329,133.52	-----
912	Auditing fees	1,500.00	3,740.00	-----
915	Employee benefit contributions-administrative	28,360.95	200,942.99	-----
916	Other operating-administrative	7,983.92	150,048.11	-----
Tenant services				
921	Tenant services-salaries	30,442.71	-----	-----
923	Employee benefit contributions-tenant services	13,275.12	-----	-----
924	Tenant services-other	9,394.94	-----	-----
Utilities				
931	Water	15,323.50	-----	-----
932	Electricity	52,090.96	-----	-----
933	Gas	21,043.86	-----	-----
938	Other utilities expense	2,723.17	-----	-----

## PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

## FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended September 30, 2005

FDS Line Item No.	Low Rent Program 14.850a	Housing Choice Vouchers 14.871	Resident Opportunity and Supportive Services 14.870
Ordinary maintenance and operation			
941 Ordinary maintenance and operation-labor	994.83	----	----
942 Ordinary maintenance and operation-materials & other	20,068.25	----	----
943 Ordinary maintenance and operation-contract costs	133,261.17	82,433.70	----
Protective services			
952 Protective services-other contract costs	91.35	----	----
General expenses			
961 Insurance premiums	22,390.98	----	----
963 Payments in lieu of taxes	28,044.35	----	----
969 Total operating expenses	430,182.98	766,298.32	----
970 Excess (deficit) operating revenue over operating expenses	(14,469.20)	9,893,582.44	----
973 Housing assistance payments	----	9,859,817.81	----
974 Depreciation expense	132,266.84	24,702.48	----
Total expenses other than total operating	132,266.84	9,884,520.29	----
1000 Excess (deficit) of revenue over expenses before operating transfers in (out) and depreciation add back	(146,736.04)	9,062.15	----
Excess (deficit) of revenue over expenses after operating transfers in (out) and depreciation add back	\$ (146,736.04)	\$ 9,062.15	\$ ----

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended September 30, 2005

FDS Line Item No.	Capital Fund Program 14.872	Business Activities -	Total
<b>Assets:</b>			
Current Assets:			
Cash			
111 Cash-unrestricted	\$ -----	\$ 5,371.39	\$ 672,769.85
113 Cash-other restricted	-----	-----	561,811.61
100 Total cash	-----	5,371.39	1,234,581.46
Accounts and notes receivable:			
122 Accounts receivable-HUD	21,403.50	-----	31,445.78
125 Accounts receivable- miscellaneous	-----	113,319.96	402,344.79
120 Total receivables, net of allowance for doubtful accounts	21,403.50	113,319.96	433,790.57
Current investments:			
131 Investments-unrestricted	-----	888,967.02	888,967.02
142 Prepaid expenses and other assets	-----	-----	11,559.00
144/			
(347) Interprogram due from	(21,403.50)	444,929.01	-----
150 Total current assets	-----	1,452,587.38	2,568,898.05
Noncurrent Assets:			
Fixed assets:			
161 Land	-----	-----	50,000.00
162 Buildings	23,675.00	-----	3,304,602.28
164 Furniture, equipment and machinery- administration	-----	-----	239,394.74
165 Leasehold improvements	41,979.05	-----	792,541.18
166 Accumulated depreciation	-----	-----	(2,557,739.32)
167 Construction in progress	47,570.00	-----	47,570.00
160 Total fixed assets, net of accumulated depreciation	113,224.05	-----	1,876,368.88
180 Total noncurrent assets	113,224.05	-----	1,876,368.88
190 Total Assets	\$ 113,224.05	\$ 1,452,587.38	\$ 4,445,266.93

## PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

## FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended September 30, 2005

FDS Line Item No.		Capital Fund Program 14.872	Business Activities -	Total
	<b>Liabilities and Equity:</b>			
	Liabilities:			
	Current Liabilities:			
312	Accounts payable < 90 days	\$ ----	\$ ----	\$ (31,599.35)
322	Accrued compensated absences- current portion	----	(6,175.39)	(25,847.70)
333	Accounts payable -other government	----	----	(28,042.52)
341	Tenant security deposits	----	----	(34,145.00)
342	Deferred revenues	----	----	(5,241.20)
310	Total current liabilities	----	(6,175.39)	(124,875.77)
	Noncurrent Liabilities:			
353	Noncurrent liabilities-other	----	----	(564,811.61)
354	Accrued compensated absences- non current portion	----	(13,745.23)	(41,164.62)
350	Total noncurrent liabilities	----	(13,745.23)	(605,976.23)
300	Total liabilities	----	(19,920.62)	(730,852.00)
	Equity:			
508.1	Investment in capital assets , Net of Related Debt	(113,224.05)	----	(1,876,368.88)
512.1	Unrestricted Net Assets	----	(1,432,666.76)	(1,838,046.05)
600	Total Liabilities and Equity	\$ (113,224.05)	\$ (1,452,587.38)	\$ (4,445,266.93)

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended September 30, 2005

FDS Line Item No.		Capital Fund Program 14.872	Business Activities -	Total
	<b>Revenue:</b>			
703	Net rental revenue	\$ -----	\$ -----	\$ (371,625.00)
704	Tenant revenue-other	-----	-----	(4,512.75)
705	Total tenant revenue	-----	-----	(376,137.75)
706	HUD PHA operating grants	(104,637.14)	-----	(10,766,978.42)
706.1	HUD PHA capital grants	(52,345.00)	-----	(52,345.00)
711	Investment income-unrestricted	-----	(22,600.84)	(32,362.61)
714	Fraud recovery	-----	-----	(24,252.74)
715	Other revenue	-----	(257,273.16)	(257,273.16)
716	Gain on sale of fixed assets	-----	-----	(3,101.00)
700	Total revenue	(156,982.14)	(279,874.00)	(11,512,450.68)
	<b>Expenses:</b>			
	Administrative			
911	Administrative salaries	9,972.96	98,312.61	480,612.01
912	Auditing fees	-----	-----	5,240.00
915	Employee benefit contributions-administrative	4,405.07	60,021.94	293,730.95
916	Other operating-administrative	6,905.00	42,497.00	207,434.03
	Tenant services			
921	Tenant services-salaries	-----	-----	30,442.71
923	Employee benefit contributions-tenant services	-----	-----	13,275.12
924	Tenant services-other	-----	-----	9,394.94
	Utilities			
931	Water	-----	-----	15,323.50
932	Electricity	-----	-----	52,090.96
933	Gas	-----	-----	21,043.86
938	Other utilities expense	-----	-----	2,723.17

## PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

## FINANCIAL DATA SCHEDULE (CONTINUED)

Year Ended September 30, 2005

FDS Line Item No.	Capital Fund Program 14.872	Business Activities -	Total
Ordinary maintenance and operation			
941 Ordinary maintenance and operation-labor	-----	-----	994.83
942 Ordinary maintenance and operation-materials & other	3,814.00	-----	23,882.25
943 Ordinary maintenance and operation-contract costs	79,540.11	24,436.30	319,671.28
Protective services			
952 Protective services-other contract costs	-----	-----	91.35
General expenses			
961 Insurance premiums	-----	-----	22,390.98
963 Payments in lieu of taxes	-----	-----	28,044.35
969 Total operating expenses	<u>104,637.14</u>	<u>225,267.85</u>	<u>1,526,386.29</u>
970 Excess (deficit) operating revenue over operating expenses	<u>52,345.00</u>	<u>54,606.15</u>	<u>9,986,064.39</u>
973 Housing assistance payments	-----	-----	9,859,817.81
974 Depreciation expense	-----	-----	156,969.32
Total expenses other than total operating	-----	-----	<u>10,016,787.13</u>
1000 Excess (deficit) of revenue over expenses before operating transfers in (out) and depreciation add back	<u>52,345.00</u>	<u>54,606.15</u>	<u>(30,722.74)</u>
Excess (deficit) of revenue over expenses after operating transfers in (out) and depreciation add back	\$ <u>52,345.00</u>	\$ <u>54,606.15</u>	\$ <u>(30,722.74)</u>

Sailor

Certified Public Accountants

Khan & Co.

**Report on Compliance and on Internal Control Over Financial Reporting Based  
on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

Board of Commissioners  
Plymouth Housing Commission  
Plymouth, Michigan

We have audited the financial statements of the Plymouth Housing Commission, Michigan, (Commission) as of and for the year ended September 30, 2005, and have issued our report thereon dated April 12, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

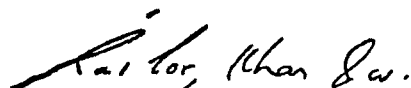
As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Commission's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended for the information of the Plymouth Housing Commission, Michigan's management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Sailor, Khan & Co.  
April 12, 2006



**Report on Compliance with Requirements Applicable to Each Major Program and  
Internal Control over Compliance in Accordance with OMB Circular A-133**

Board of Commissioners  
Plymouth Housing Commission  
Plymouth, Michigan

Compliance

We have audited the compliance of the Plymouth Housing Commission, Michigan, (Commission) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2005. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Commission compliance with those requirements.

In our opinion, the Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2005. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

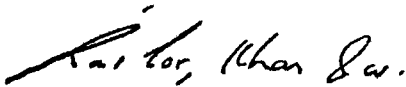
The management of the Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Sailor  
Khan & Co.

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Plymouth Housing Commission, Michigan's management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Sailor, Khan & Co.  
April 12, 2006

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

**STATUS OF PRIOR AUDIT FINDINGS**

September 30, 2005

The prior audit report for the year ended September 30, 2004 contained a total of two audit findings:

**Financial Statement Findings**

**Finding:** FSS Escrow  
**Status:** Implemented

**Finding:** Budget Overruns  
**Status:** Implemented

**Federal Awards Findings**

None

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

September 30, 2005

SECTION I - SUMMARY OF AUDITOR RESULTS

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
▶ Material weakness(es) identified?	No
▶ Reportable condition(s) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No
Is a "going concern" explanatory paragraph included in audit report?	No

Federal Awards:

Internal control over major programs:	
▶ Material weakness(es) identified?	No
▶ Reportable condition(s) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) on Circular A-133?	No
Identification of major programs:	

CFDA

<u>Number(s)</u>	<u>Name of Federal Program</u>
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14-871	Section 8 Housing Choice Vouchers
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Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

September 30, 2005

**SECTION II - FINANCIAL STATEMENT FINDINGS**

The current audit report for the year ended September 30, 2005 disclosed the following Financial Statement audit finding:

1. Checks Outstanding.

Criteria:

Effective cash internal control procedures include reviewing bank reconciliations for items that have not cleared the bank in a reasonable amount of time.

Condition:

There are numerous checks that are outstanding for more than 30 days.

Questioned Costs:

None

Effect:

This condition could potentially affect the accuracy of cash balances.

Cause:

The Housing Commission was unaware of the excessive outstanding check balance and has no policy in regards to outstanding checks.

Recommendation:

We recommend the Housing Commission monitor bank reconciliations on a monthly basis and develop a formal policy whereby outstanding checks that never clear the bank are researched and voided appropriately.

Management's Response/Action Plan:

The Section 8 Coordinator and the fee accountant have developed a policy that will ensure that all outstanding checks that never clear the bank are voided properly. Effective immediately, any checks issued sixty (60) days prior to each month end that have not been cashed will be voided. In addition, any checks issued thirty (30) days prior to the fiscal year end that have not been cashed will be voided.

PLYMOUTH HOUSING COMMISSION

Plymouth, Michigan

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

September 30, 2005

**SECTION III - FEDERAL AWARD FINDINGS**

The current audit report for the year ended September 30, 2005 disclosed no Federal Awards audit findings.